

Reference Number:	200-02-DD
Title of Document:	Financial Management of Personal Funds
Date of Issue:	May 28, 1987
Effective Date:	May 28, 1987
Last Review Date:	May 31, 1991 REVISED
Date of Last Revision:	May 31, 1991
Applicability:	Regional Centers, Community Management Providers

Purpose:

he purpose of this directive is to establish a policy that protects the financial interest of individuals with mental retardation, protects their funds, assists them in money management, and promotes normalization in the use of money to the extent of each individual's capability. This directive applies to individuals residing at regional centers or in community based ICF/MR's which are operated under a management contract with DMR.

Regional facility directors are responsible for the personal funds of individuals entrusted to their respective regional centers and must ensure that financial records are correctly maintained, that the individuals' money is safeguarded, and that their funds are properly spent. Facility directors will establish procedures in accordance with this directive to achieve these responsibilities.

Individuals' Financial Rights:

All individuals are required to give a financial statement and are requested to entrust personal funds to the South Carolina Department of Mental Retardation except in cases where the individual's program team justifies alternative financial arrangements or in situations where another party has been appointed representative payee. Upon approval of the program team, an individual may manage his or her personal financial affairs or may designate another party to do so. In the event that the third party payor (i.e. Social Security, Veterans Administration, etc.) has determined that benefits should be paid through an individual's guardian, conservator or representative payee, such party shall be responsible for holding, safeguarding, and accounting for those funds. The Department of Mental Retardation is not responsible for any individual's personal funds that are not held in the regional Clients Bank or under the control of the Department.

Each individual will be informed of his or her financial rights by the responsible social worker prior to or at the time of admission to a regional facility or community based ICF/MR under a management contract (Appendix A). Additionally, the responsible social worker will review all services provided by the Department. This review will distinguish between those services funded through Departmental funds (Appendix B) and those goods and services which may be charged to the individual's personal funds. Individuals presently in residential facilities will be informed of all changes to individuals' financial rights, as established by this revised Departmental Directive. This notification shall be evidenced by the individual's written acknowledgment as found in his or her permanent file. All rights and responsibilities of individuals devolve to the individual's guardian, parent, next of kin, sponsoring agency or representative when:

- (a) the individual is found by the interdisciplinary team to be mentally incapable of understanding his/her rights as documented in his/her file;
- (b) the individual has been adjudicated incompetent in accordance with state law.

In these cases, there will be a written acknowledgment in the individual's file that these rights have been explained to the appropriate person(s).

Financial Management

A financial plan for each individual will be determined by the interdisciplinary team or program staff and included in the individual's program plan. Whenever possible, an individual's parent or guardian should be made part of the planning process. The financial plan should determine the level of staff assistance required by an individual in managing his or her own funds, and the general goals of savings and expenditures.

Unit/residence staff are responsible for adhering to the established financial plan of each individual under their care. Training will be provided to assist individuals to be more independent and responsible in the management of their funds. Upon recommendation and approval of the program team, individuals capable of handling their own funds or being trained to do so may be excluded from participation in the Clients Bank.

An individual who is capable of handling his/her own personal funds, with assistance, and chooses not to use the Clients Bank may maintain a bank account at a local bank; however, the account must be set up requiring the co-signature of the QMRP. The co-signer shall maintain and annotate the check register and each check to indicate the items to be purchased. The means of handling the individual's account and the money management will be specifically outlined in the individual's program plan. The QMRP is required to notify the claims and collections officer

of the balance at least quarterly so these funds can be included in the individual's total assets. This paragraph shall not apply to individuals determined by the program team to be capable of independently managing their own funds.

With written approval of the QMRP, and based on the financial plan, a designated staff representative will determine when funds are to be withdrawn and the specific items to be purchased.

Clients Bank:

Each region will operate a Clients Bank. Cash flow funds of the Clients Bank will be deposited in a single checking account in a local bank. Funds in excess of an amount needed to operate the Clients Bank will be transferred to the State Treasurer's Office for optimal investment. Personal funds will be received into the Clients Bank from all sources. A separate account within the Clients Bank will be maintained for each individual having funds. Funds transferred to the State Treasurer's Office for investment will also be recorded in the Client's Bank.

An accrued interest account will be maintained for posting of interest accrued during each quarter. With a method in compliance with current federal regulations, the interest accrued will be distributed to each individual's account in proportion to the amount of funds held at the Clients Bank.

The Clients Bank custodian will maintain the bank records and ledgers in accordance with the established accounting office procedures. By the end of the month following the bank statement cutoff, a copy of the bank reconciliation and balance sheet will be forwarded to the Central Office Finance Office and to the Internal Auditor.

Upon notification, the individual, parent, guardian or other responsible party will have an opportunity to schedule a review of the individual's personal financial records maintained by the Clients Bank. Additionally, copies of individuals' account statements will be provided to the QMRP for his/her review at least monthly.

Access to Funds:

With the exception of weekends and holidays, individuals shall have daily access to their personal funds located in the Clients Bank during operational business hours established by the region.

Procedures shall be established to make funds available for scheduled activities on weekends and holidays. Minimal amounts of individuals' personal funds may be kept in a secured location at the dormitory/residence level. (See 200-01-DD, "Clients' Funds Maintained at Residential Level".) Once proper requests and approvals for disbursement of individual funds have been made, the Clients Bank will disburse the funds within five (5) business days.

Withdrawal of Funds:

Funds may be withdrawn by the presentation of a properly authenticated Personal Funds Draft (PFD); an example is attached as Appendix C. Withdrawals of \$25 or less may be paid in cash; all other withdrawals will be by check. Payments may be made to the individual, his or her parent or guardian, or the staff representative, as specified and approved in the Personal Funds Draft. All withdrawals in the amount of \$150 or more per individual must have written approval by the administrator, residential program/community residence director/MR Board Executive Director, as appropriate.

Funds withdrawn routinely each week for individuals or group field trips may be listed on a properly authenticated and approved group withdrawal draft (Appendix D).

Withdrawals by a staff member will require the certification (yellow) copy of the PFD to be signed and turned into the bank custodian within two (2) business days after the withdrawal, along with proof of purchase documentation. This copy should be used as an audit trail for disbursing or expending funds.

The Personal Funds Draft presented to the Clients Bank for field trips and other travel for regional center residents must be accompanied by a copy of the approved regional trip packet of materials. Documentation of trip expenditures and the certification (yellow) copy of the PFD will be turned into the bank custodian within two (2) business days after the trip has been completed.

In cases where third party payments and other revenues are deposited to an individual's personal funds, the Department will draft the account for care and maintenance charges due the Department. These funds may be withdrawn in group or as single withdrawals. (See the current directive regarding fees for services.)

Purchases:

Items may be purchased from a commercial source using a "Clients Bank" purchase order whenever "normalized" use of funds by the individual is not in question. The items to be purchased will be listed on an individual or consolidated purchase order and approved by the QMRP. The purchase order will be certified by the Client Bank custodian who will verify that the necessary funds are available and encumber the individual's account. When purchasing an item for a individual, the state purchasing procurement guidelines should be followed even though the state system is not used. DMR procurement procedures must be followed for any purchase for an individual that utilizes the regional center's purchasing process.

Immediately following a purchase of items by a designated staff representative, the staff representative will:

- A. Submit to the Clients Bank custodian the completed shopping worksheet (see Appendix E for form and instructions), along with all receipts for purchases and any residual funds in excess of one (1) dollar per individual. All residual funds of one (1) dollar or less per individual may be deposited to the funds held at the dormitory/residence level or distributed to the individual.
- B. Report and display all purchases to the responsible supervisor of the individual's unit/residence.
- C. Items having a value of \$25 or more, as well as clothing, will be marked, if appropriate, with the individual's name and the item recorded in the individual's records. An up-to-date inventory of personal items owned and recorded on the individual's property record will be maintained within the unit/residence for each individual, as required in the current DMR directive regarding client clothing. Personal property will be safeguarded, and inspections will be made by the QMRP at least quarterly to ensure that items of the individual's inventory are on hand and accounted for and that such items are not recorded as Department property.

Authorized Signature File:

Each Client's Bank will maintain an authorized signature file (Appendix F and/or G) to be used in verifying all withdrawals from the Client's Bank by either the staff or resident individuals. Individual's signature shall be involved for individuals determined by the program team as capable of maintaining their own funds.

Each regional finance office will maintain a file for each unit showing the proper signature of the QMRP and any other staff within the unit authorized to approve a PFD. The file will also list those unit/residence staff who are eligible to pick up funds from the Client's Bank.

The QMRP is responsible for establishing the authorized signature file and notifying the Client's Bank of any changes.

Death:

At the time of death, all client-conserved funds are frozen, and no disbursements except reasonable funeral expenses can be made without legal authority of the Probate Court. Within 10 calendar days of the death of the individual, the regional center claims and collections officer will give a written notification of the death to the Probate Judge of the county in which the death occurred, with a copy to the parent, next of kin, or correspondent. In addition, the following information must be included:

- (1) A complete accounting and listing of the deceased individual's assets and known liabilities;
- (2) The name and address of the parents/guardians or next of kin;
- (3) The name of the executor/executrix, if known;
- (4) A request for legal authorization of any disbursement of funds from the decedent's estate.

The Department of Mental Retardation will follow the procedures set out in S.C. Code Section 62-5-105 for reimbursement of full care and maintenance costs from any balance remaining in the deceased individual's estate six (6) months after the death has occurred. Any further balance shall be paid to the estate of the decedent.

Transfer Within One Client's Bank:

Upon the transfer of an individual to another residence which is associated with the same Client Bank, the Department will record the new residence on the individual's account within five (5) business days. The appropriate QMRP shall establish a new authorized signature file within five (5) business days.

Discharge Or Transfer To Another Client Bank:

Upon the discharge of an individual or the transfer of an individual to another residence which is associated with another region's Client's Bank, a PFD will be prepared and processed for up to 90% of an individual's available funds (funds net of encumbrances or other currently due obligations). The funds will be paid to the party who will be responsible for the individual's

funds in his/her new residential setting. The current QMRP will be responsible for determining the amount to be forwarded. This amount will be forwarded within five (5) business days of discharge from the current residence.

If DMR is representative payee for any benefits received by the individual, the claims and collection officer shall within 5 days of transfer or discharge notify the appropriate payor agency of the change. If the individual's funds are to be transferred to another Clients Bank, then the claims and collections officer for the new region shall within five (5) business days of the transfer request that the new region be made representative payee. If the individual's funds are to be handled by a provider or other person not associated with any Client's Bank, then that provider or individual shall be notified within five (5) business days to request a new representative payee. The requests for termination of representative payee status or new representative payee status shall be made in accordance with the payor's procedures. The payor shall be notified of any funds forwarded.

At the end of 30 calendar days, all obligations of the individual to be paid from the Clients Bank shall be paid and all remaining funds forwarded to the responsible party at the new residence. Unless the individual is still receiving benefits at the current Clients Bank, the account at the current Clients Bank shall be put in to an inactive status. If the individual is still receiving benefits at the current Clients Bank, the account shall remain in a current status until all benefits are being sent directly to the new payee. As benefits are received in the current Clients Bank, they shall be forwarded to the new payee, unless expressly instructed to do otherwise by the benefit payor. As soon as all benefit payments have been transferred, any remaining balances shall be forwarded and the account on the current Clients Bank shall be put in to an inactive status.

Review:

A quarterly review of the individuals' ledgers by the claims and collections officer will be made to ensure that the financial guidelines are being followed and also to alert him to possible eligibility problems for Medicaid recipients. The QMRP shall review individuals' account transactions on a monthly basis and initial copies of the statements. Initialed copies of individuals' statements shall be retained by the QMRP at least until receipt of the following month's statements.

Deputy Commissioner,
Fiscal Affairs
(Originator)

Commissioner

(Approved)

Attachments: (Appendices A-H)
600; 702

Appendix A
STATEMENT OF FINANCIAL RIGHTS

1. It is required that a financial statement of the individual's resources be provided and that each individual be requested to entrust personal funds to the Department except in cases where alternative financial arrangements have been made.
2. An individual has the right to receive, retain, and manage his or her personal funds, have this done by a legal guardian, designate another person to manage them, or authorize the Department in writing to hold, safeguard, and account for his or her personal funds.
3. The Department shall hold, safeguard, and account for a individual's personal funds only upon written authorization by the individual, parent, guardian, or other responsible party or if the Department is appointed as the individual's representative payee.
4. The Department will not charge any individual to hold, safeguard, and account for personal funds but shall include any charges for this service in the Department's basic per diem rate.
5. In accordance with Departmental policy, current, written, individual, records of all financial transactions involving a individual's personal funds, for which the Department is custodian, will be maintained by the regional center.
6. In accordance with Departmental policy, each individual will be provided with reasonable access to his or her own financial records and personal funds.
7. Each individual's personal funds received by the Department for holding, safeguarding, and accounting will be kept separate from the Department's funds.
8. For an individual who has been managing his or her own funds and becomes incapable of doing so, the Department will serve as temporary representative payee. This will continue until a permanent representative payee is appointed.

NOTE: These rights shall be consistent with the rights described in the Individual Rights Directive.

Individual's Name _____

File No: _____

These rights/services have been explained to me and I understand how they affect me.

*Signature: _____

Date: _____

Staff Member _____

Witness: _____

* Relation to Individual

* As parent, guardian, or conservator, these rights/services have been explained to me and I understand how they affect my relative/individual for whom I am responsible. I understand that I am signing on his/her behalf.

Appendix B

(Revised October 1, 1986)

GUIDELINES FOR PURCHASES FROM INDIVIDUAL VERSUS DEPARTMENTAL FUNDS

This appendix clarifies what constitutes costs chargeable to each individual's personal funds and costs charged to the Department's funds. Personal funds should provide for a individual's non-medically related needs while Departmental funds provide for an individual's medically related needs and active treatment needs as defined in applicable Medicaid regulations. The following list is not all inclusive. Also, the list of items and services that may be purchased from personal funds indicates allowable purchases. Purchases by individuals will depend upon their financial condition, which is affected by the directive regarding fees for services. Individuals will not be denied necessary special medical needs due to a shortage of personal funds. This directive does not prevent the use of donated funds to purchase items listed in II.

I. Charges to Departmental Funds

- A. Professional and Special Programs and Services Provision of these services is contingent upon a thorough Departmental evaluation of the needs of each individual and the approval of the agency.
 - 1. Dental Services
 - 2. Dietary/Nutritional Services
 - 3. Education Services
 - 4. Health Services
 - 5. Medical Services
 - 6. Nursing Services
 - 7. Pharmacy Services
 - 8. Physical and Occupational Therapy
 - 9. Psychological Services
 - 10. Religious Services
 - 11. Social Services
 - 12. Speech Pathology and Audiology
 - 13. Training and Habilitation Services
- B. Items/Services Necessary to the Physical Well-Being of the Client and/or Routinely and Uniformly Provided to All Clients
 - 1. Necessary Medications, Medical, and Surgical Supplies
 - 2. Use of Equipment and Facilities
 - 3. Special Dietary Supplements used for Tube Feeding or Oral Feeding such as Elemental High Nitrogen Diet
 - 4. Routine Laundry (including personal clothing), Toiletries, and Housekeeping Services (including sheets, towels, wash cloths, diapers, soaps, bathroom tissue)
 - 5. Items Required for Behavior Management

C. Special Medical Equipment and Supplies

Wheelchairs, mats, walkers, special geriatric chairs, dentures, eyeglasses, hearing aids and supplies, and similar items (See II.D. for items required beyond these basic medical needs.)

Note: The Department will not be responsible for the purchase of any of the above items or services where the parent or guardian has initiated the purchase without prior approval of authorized regional center staff.

D. Purchases from Related Organizations (Services, Facilities, Supplies)

E. Administrative Costs Incurred by the Department in Order to Meet ICF/MR* Standards and Applicable State Health and Licensure Requirements

F. Personnel Costs (Wages, Fringe Benefits)

G. Physical Plant Maintenance, Development and Expansion

H. Food and Housing Except Where Covered through Care and Maintenance Charges, as Provided in the Departmental Directive Pertaining to Client Fees

II. Items/Services That May Be Charged to Individuals' Personal Funds**

A. Personal Grooming and Care Articles: Deodorants, shaving lotion, talcum powder, cosmetics, special soap, hair spray, hair brushes, shampoo, toothpaste, beauty and barber services, and similar items

B. Personal Recreational Items and Equipment not Covered under a Required Activities Program: Bicycles, magazine or newspaper subscriptions, aquariums, plants, radios, television set, records, books

C. Personal Clothing: Gloves, hats, scarves, hosiery, slippers, shoes, all usual articles of clothing and similar items

D. Special Medical Equipment, Supplies, and Services for Convenience of Individuals and their Families: Certain purchases of medical equipment, supplies, and services that are for the convenience of individuals and their families and are not determined by SCDMR to be medical necessities may be purchased with individual funds. This would include items in Paragraph I.C., such as, an extra wheelchair for home visits, or certain nonessential chiropractic, podiatry and dental services. These items and services are considered to be for the convenience of individuals and their families and would not be allowable as charges to the Medicaid program.

E. Damaged Property: Individual funds may be used to replace property owned by staff, DMR, or other resident individuals that the individual has damaged, where this is consistent with the individual's plan of care and where funds are available.

F. Miscellaneous Items: Special food/drinks not essential to a client's dietary needs (e.g. candies, fruits, cookies, soft drinks); tobacco products and accessories; costs of trial visits, expenses involved in relatives visits to the facility or a individual's visit/extended stay in the home setting; postage, stationery; insurance premiums, payment of a individual's taxes, trips to movies, special entertainment and recreational activities, special bedspreads, and similar purchases, subject to the availability of individual funds.

NOTES:

- * Intermediate Care Facilities for the Mentally Retarded.
- ** The unit director and/or program team will ensure the appropriate use of each individual's funds. In cases where a question arises as to whether Departmental or individual funds should be used, the expenditure of individual funds must be justified in the remarks section of the Personal Funds Draft or the Group Withdrawal Draft. Appropriate documentation must be attached such as minutes of program team meetings, physician statements of medical necessity, or requests from parents for equipment, supplies, or services to be purchased for the convenience of the families or individuals.

Client _____

File No: _____

These rights/services have been explained to me and I understand how they affect me.

Signature: _____

Date: _____

Staff Member: _____

Witness: _____

These rights/services have been explained to me and I understand how they affect my relative/individual for whom I am responsible. I understand that I am signing on his/her behalf.

Relation to Individual

Signature: _____

Date: _____

Staff Member: _____

Witness: _____